

## CENTRAL INTELLIGENCE AGENCY

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## INFORMATION REPORT

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SOURCE:

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1. The Telefongyar (Telephone Factory) located at Hungária Körút 26-28 szám, Budapest, employs a staff of approximately 3,500. There are 30 engineers. In early January 1954, it was decided to dismiss about 1,200 employees. There is a Soviet works manager at the factory, and engineers and workers are frequently directed via the loudspeaker to see him.
2. The factory mainly produces wireless sets and radar apparatus for the Army, automatic recorders, electric brakes and railroad signs. Telephones are produced occasionally on a small scale, mainly for mines, or in accordance with special orders.
3. The main customer for articles produced by the factory is the Soviet Union, which orders for itself as well as for the satellite states. In the winter of 1952-1953, approximately 40,000 telephones were sent to Red China, in accordance with an order from the Soviet Union. According to rumor, the Soviet Union in 1954 is going to order another 80,000 telephone sets for China. The telephone sets sent to China are of inferior quality because of an acute shortage of raw materials and the lack of a certain machine tool (szerszámgép).

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